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In the Supreme Court of the United States

IMPRESSION PRODUCTS, INC., PETITIONER

v.

LEXMARK INTERNATIONAL, INC., RESPONDENT

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR HTC CORPORATION AND HTC AMERICA, INC., AS *AMICI CURIAE* IN SUPPORT OF PETITIONER

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QUESTION PRESENTED

The "patent exhaustion doctrine"—also known as the "first sale doctrine"—holds that "the initial authorized sale of a patented item terminates all patent rights to that item." *Quanta Computer, Inc.* v. *LG Electronics, Inc.*, 553 U.S. 617, 625 (2008). This case presents two questions of great practical significance regarding the scope of this doctrine on which the *en banc* Federal Circuit divided below:

1. Whether a "conditional sale" that transfers title to the patented item while specifying post-sale restrictions on the article's use or resale avoids application of the patent exhaustion doctrine and therefore permits the enforcement of such post-sale restrictions through the patent law's infringement remedy.

2. Whether, in light of this Court's holding in *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1363 (2013), that the common law doctrine barring restraints on alienation that is the basis of the exhaustion doctrine "makes no geographical distinctions," a sale of a patented article—authorized by the U.S. patentee—that takes place outside of the United States exhausts the U.S. patent rights in that article.

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2 William Blackstone, *Commentaries* 17

INTRODUCTION AND INTEREST OF *AMICI CURIAE*[*]

For centuries, the common law has protected the ability of consumers to legally resell their legally purchased patented products free from the onerous burden of license or royalty fees to the patent owner. Despite this Court's guidance in *Quanta Computer Inc.* v. *LG Electronics Inc.*, 553 U.S. 617, 625 (2008), recognizing an authorization-based patent framework, and *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1363 (2013), reaffirming the global role of common law doctrines, the Federal Circuit[1] has created a territorial exception to the patent exhaustion and "first sale" doctrines. This unjustified exception threatens the practical realities of the global, interdependent marketplace and should be overruled.

A. HTC Corporation and HTC America, Inc. (collectively "HTC") Create Innovative Smartphones Used by Consumers Worldwide

In 1997, a few determined individuals— including current CEO Cher Wang—founded today's HTC Corporation. Although they had initially targeted OEM sales of conventional notebook computers, HTC's founders recognized the near-limitless market poten-

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[*] The parties consented to the filing of this brief. The letters of consent are on file with the Clerk. In accordance with Rule 37.6, *amici* state that no counsel for any party authored this brief in whole or in part, and that no person or entity, other than the *amici*, has contributed monetarily to the preparation or submission of this brief.

[1] This amicus brief addresses only the second question presented here.

tial for hand-held mobile devices and fearlessly committed their resources to creating the world's first touch and wireless handheld devices.

Over the intervening 20 years, HTC has supplied a "parade of firsts" to the worldwide market for smartphone devices, including the world's first smartphone with keyboard (2004); the world's first 3G smartphone (2005); the world's first "touch screen" smartphone (2007); the world's first Google Android smartphone (2008); and the world's first 4G Android smartphone (2010). By 2011, Interbrand recognized HTC smartphones in its list of "Global Best 100 Brands." HTC currently sells worldwide its flagship HTC 10 line of smartphone products and other consumer electronic products.

B. HTC Smartphones Contain Integrated Circuits and Components Made Worldwide, Sold to HTC by Vendors Worldwide, and for Use in Smartphones Purchased by Consumers Worldwide

The logistics behind the manufacture and assembly of a smartphone have grown increasingly intricate and international in nature. HTC builds innovative smartphones using integrated circuits ("ICs") made abroad by (or for) U.S. manufacturers. Such ICs are commonly protected by both U.S. and international patents and are sold, through networks of authorized vendors, for consumer use both in the U.S. and worldwide. For example, over at least the past twelve years, HTC has built most of its smartphones using Qualcomm's telecommunications chipsets. The Qualcomm

model,[2] discussed below, provides a useful paradigm illuminating how certain U.S. companies make and sell, in Asia, hardware and software technologies that have been invented and patented in the U.S., for use by consumers in the U.S. and in countries worldwide.

Qualcomm relies on independent third-party suppliers to perform the manufacturing and assembly, and most of the testing, of its ICs, based primarily on Qualcomm designs and test programs. See Qualcomm's 10-K at 6. For instance, Qualcomm's primary foundry manufacturers include international companies such as Global Foundries Inc. (Germany, Singapore, and New York); Samsung Electronics Co., Ltd. (South Korea, Texas); SMIC (Shanghai, Beijing, Tianjin); TSMC (Taiwan, China, Washington State); and UMC (Taiwan and Singapore). *Ibid.*

Qualcomm also contracts "assembly" and "test" services from a worldwide network of partners who transform Qualcomm's manufactured silicon wafers into functioning IC processors, including ASE (Japan, South Korea, China, Taiwan, and the U.S.) and Amkor Technology (Japan, South Korea, China, Taiwan, Philippines, Malaysia, Singapore, France, and the U.S.). *Ibid.*

Qualcomm's CDMA Technologies ("QCT") Business Segment develops and supplies ICs and system software, which Qualcomm sells and licenses to product manufacturers, such as HTC, who use Qualcomm's ICs

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[2] The following discussion is drawn from Qualcomm's Form 10-K for the Fiscal Year Ended Sept. 28, 2014 ("Qualcomm's 10-K") at 6 (*available at* https://www.sec.gov/Archives/edgar/data/804328/000123445214000320/qcom10-k2014.htm) (last visited January 19, 2017).

in wireless devices sold to consumers.[3] Qualcomm's Technology Licensing ("QTL") Business Segment grants licenses or otherwise provides rights to product manufacturers, such as HTC, who use portions of Qualcomm's intellectual property portfolio, including patent rights essential to or useful in the manufacture of wireless handset devices that implement multiple wireless standards and their derivatives.[4]

C. HTC Relies on Fully Authorized Sales from Licensed Component Suppliers Worldwide

In 2016, HTC sold several million smartphones worldwide. As a manufacturing entity, the company remains a significant purchaser of semiconductor products—*e.g.*, baseband and application processors and associated hardware and software—that are manufactured in Asia and sold globally, including in the United States. Most semiconductor product manufacturers observe exhaustion principles upon a sale. Certain semiconductor product manufacturers, however, refuse to "sell" semiconductor products to smartphone manufacturers except upon supplemental licensing terms that eviscerate the exhaustion doctrine.

For example, consumer electronics companies have been required to agree, upon a bona fide sale of semiconductor products, to conditions precluding them from "any combination of the Product or software with any other product" [5] except upon a separate license to

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[3] See *id.* at 6.

[4] See *id.* at 7.

[5] The term "Product," as used here, may generally be understood to mean "the combination of Components and Development Tools." "Components" may include both hardware and firmware. "Development Tools" may include

use such "Products or services." Similarly, manufacturers have been required, upon a bona fide sale of "Products accompanied by Software," to agree that "nothing" in such sale "shall be construed as the sale of * * * any Software * * * embedded in the Products" except upon a non-exclusive license "to use the Software * * * only in the manner which [Vendor] intends the software to be used."[6]

The use of "separate license" clauses in "pre-sale" semiconductor manufacturing agreements implicitly undercuts the "first sale" doctrine by permitting a semiconductor manufacturer to collect royalty payments at multiple instances during a sale of a patented device. Such pre-sale practices erode a key public policy goal of the exhaustion doctrine, *i.e.*, to prevent patent owners from obtaining excess overcompensation by repeatedly aggregating streams of patent royalties along multiple points in a production or distribution chain.

Ideally, the "first sale" doctrine in patent exhaustion law should protect against excess overcompensation to patentees up to the point where a semiconductor manufacturer has received full compensation upon the sale and/or use of its patented invention. Nonetheless, a risk of "double dipping" inherently exists where semiconductor manufacturers with excessive pre-sale bargaining power can extract unwarranted compensation from manufacturing licensees.

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hardware and software products used to test and evaluate products.

[6] *Ibid.*

D. Patent Exhaustion Principles Protect Smartphone Manufacturers Like HTC and Consumers Worldwide

Pursuant to licenses and other rights provided by its component manufacturers, HTC issues purchase orders for finished component chipsets, which are drop-shipped to HTC in Taiwan. HTC then incorporates these chipsets and software code updates into an ever-evolving portfolio of HTC smartphones assembled in Taiwan or China. Finally, HTC ships and delivers finished HTC smartphones from Asia to commercial customers worldwide, including the United States. The benefits of such international commerce to domestic semiconductor consumers would not be sustainable except for the implementation of rules that exhaust patent rights and authorize semiconductor consumers to make, use, sell, offer for sale, and import finished semiconductor products into the U.S.

As the number of components incorporated into the finished product increases, so too does the difficulty of tracking down and verifying their individual origins and points-of-sale. On par with the tally of hardware parts, a host of software components increases the logistical count and introduces an additional risk of patent holdup. Smartphone software takes all forms and exists at various layers: hardware drivers, middleware, interfaces, applications, the operating system, etc. Further, through their provision of periodic firmware or software updates for those components in the finished product, the chipset manufacturers' roles may pervade long after the initial sale of their chips. Ultimately, it becomes prohibitively onerous for the downstream assembler to identify each patent holder whose intellectual property may be on board and confirm the authorization of its use in each jurisdiction of potential use.

As semiconductor technology has advanced, chipset manufacturers have increasingly migrated from supplying multiple chipsets to providing a single, denser chipset—such as the ICs now implemented in the HTC's flagship "One (M9)" and "Ten" wireless handsets—that embody an "all-in-one" processor design that places multiple elements on a single tiny chip, regardless of the countries into which they eventually are sold and used.

While these denser, multi-purpose chipsets consolidate and replace functionalities that would have been implemented by a variety of different components, they conversely introduce an increased risk of being held hostage to a patent without a viable technological alternative. Having adopted a specific system-on-a-chip, system-in-package, and package-in-package solution—in HTC's case, the Qualcomm Snapdragon 810 and 820 for its "One (M9)" and "Ten" smartphones—manufacturers can be hard-pressed to find a competing component on the market that could rival their compact size, processing power, energy efficiency, support for higher wireless speeds, and overheating safeguards. In essence, Qualcomm's(or other manufacturers) ability to lock semiconductor users into their smaller, faster, cooler, and less power-hungry solution has made such users disproportionately vulnerable to a patentee's overreaching by those enabling technologies.

HTC's freedom to purchase smartphone ICs subject to broad *international* patent exhaustion principles remains critical to HTC's ability to satisfy the global market's ever-increasing demand for smartphone products. The chipsets sold to HTC and used to build modern smartphones are not domestic in character. To the contrary, they remain inherently *international* in their origins, *international* in their intended modes

of operation, and *international* in how they are used by consumers.

In the absence of a robust international patent exhaustion doctrine, each time HTC purchases ICs or other components from a licensor/rights-owner located outside of the United States, it risks a potential demand from that licensor/rights-owner seeking additional fees if the same part is sold/used in, or imported into, the United States. Moreover, in the case of third-party patents covering IC components, an IC manufacturer may obtain a worldwide license to the patents from a third party; but without an international patent exhaustion doctrine, the third-party patent holder could "double-dip" and collect royalties from the IC manufacturer's downstream customers, such as HTC. The survival of a patent holder's rights and persistence of injunctive threat is anathema to the fast-moving consumer electronics industry and more acutely felt in the smartphone market, where new models are released every year. Such threats deprive manufacturers and consumers of the intended benefits of patent exhaustion under the common law, thereby unfairly restraining trade; introducing uncertainty into completed actions; obstructing the public's enjoyment of technology they have purchased; inflating information and transaction costs; and seeking enhanced profits from evading well-settled exhaustion principles.

E. The Lower Court Jurisprudence Rescuing Patent Rights from International Exhaustion Leads to Mischief and Real-World Harms to Downstream Customers

The holding below and its underpinnings from *Jazz Photo Corp.* v. *International Trade Comm'n*, 264 F.3d

1094 (Fed. Cir. 2001), have noxious downstream effects that not only cast a cloud over finished products but ultimately reduce consumer choice. These legitimate concerns are not speculative and have sweeping consequences that stretch far beyond printer cartridges. Indeed, the smartphone industry has confronted this very issue before.

Amici refer to a prior UK patent dispute, *HTC Corp.* v. *Nokia Corp.*, High Court of Justice, Chancery Division, Patents Court, Case Nos. HC12A02048 and HC12C02909 (2013) (Arnold, J.),[7] as a concrete parallel with significant real-world impact that stemmed from a patent regime that imposed a territorial restriction on patent exhaustion in spite of an authorized first sale.

In the UK action, HTC's "One (M7)"—a predecessor of the "One (M9)"—and its "One Mini" variant incorporated Qualcomm's WTR1605 and WTR1605L chips. These chips were ruled to have used one of Nokia's European patents covering a transceiver component. Significantly, the patent was subject to a cross-license between Qualcomm and Nokia, under which Nokia covenanted not to sue Qualcomm. Qualcomm was licensed, and therefore "authorized," to sell these chips, and it sold them to HTC in Taiwan. But when HTC subsequently used these chips and sold the finished products in the UK, Nokia sued HTC on the European patent based on HTC's use of the Qualcomm chip and for which Qualcomm itself had already obtained a license/covenant not to sue.

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[7] The public version of the opinion is available at www.scribd.com/document/180191060/13-10-30-HTC-v-Nokia-Public-UK-Judgment-EP0998024 (last visited January 19, 2017) ("Arnold, J. Op.").

Finding neither an implied license under English law to resell or import the covered product in the UK, nor an international exhaustion doctrine under U.S. law,[8] the UK court issued an injunction against sales of the HTC "One (M7)" and "One Mini." Although the ban against the former was stayed pending HTC's appeal, and despite the parties reaching a global settlement in the following year, the critical sales window during the holiday season had lapsed. These obstacles effectively gutted HTC's retail numbers in its largest market in Europe and irreparably dented sales during the short-lived product cycle up to the subsequent release of their successors, the "One (M8)" and "One Mini 2."

The decision below must be reversed.

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[8] Because the Nokia-Qualcomm agreement was governed by Delaware law, Justice Arnold turned to U.S. federal patent law on the issue of patent exhaustion, raised by HTC. After hearing experts on U.S. law, Justice Arnold agreed with Nokia's expert that the authorized first sale had to occur inside the U.S. to exhaust a U.S. patent. HTC's exhaustion defense rose and fell with Justice Arnold's interpretation of U.S. common law and erroneous conclusion that the Federal Circuit decisions in *Fuji Photo Film Co. Ltd* v. *Jazz Photo Corp.*, 394 F.3d 1368 (Fed. Cir. 2005), and *Fujifilm Corp* v. *Benun*, 605 F.3d 1366 (Fed. Cir. 2010), were determinative. See Arnold, J. Op. ¶¶ 187-188. This historical High Court of Justice case emphasizes the importance and international dimension of the U.S. patent exhaustion doctrine, which may have far-reaching and dire influence not only on intellectual property rights derived from the U.S. Constitution, but on foreign patents whose licenses are governed by U.S. law as well.

STATEMENT

This case arises from an attempt by a patent holder to prohibit competition in the sale of Lexmark printer cartridges. Petitioner was one of several companies that purchased used printer cartridges from within and without the United States to refurbish with toner and sell to consumers who have compatible printers. Lexmark sued those competitors in 2010—and now only petitioner remains.

As a result of narrowing the claims, only the two issues presented here remain. On a motion to dismiss, the district court held that this Court's decision in *Quanta* controlled. *Lexmark Int'l, Inc.* v. *Impression Prod., Inc.*, 816 F.3d 721, 729 (Fed. Cir. 2016). It reasoned that for cartridges purchased in the United States, following *Mallinckrodt, Inc.* v. *Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992), infringement liability would create too much uncertainty for purchasers and end users. *Ibid.* For cartridges sold overseas, the district court held that the Federal Circuit's decision in *Jazz Photo* had not been overruled by this Court's decision in *Kirtsaeng*. *Id.* at 730.

On appeal, the Federal Circuit *en banc* held that a restriction in place at the time of sale was enforceable. *Id.* at 726. Thus, the appeals court held that *Mallinckrodt* remained good law under *Quanta*. *Ibid.* It also reaffirmed its holding in *Jazz Photo* distinguishing *Kirtsaeng* as applying only to copyright cases. *Id.* at 727.

This Court granted certiorari.

SUMMARY OF ARGUMENT

This case involves foreign sales authorized by a U.S. patent holder that seeks a second bite at the apple as to the legally purchased, repatriated products. The question is whether this Court has ever endorsed the circumvention of the "first sale" doctrine by injecting a domestic sale requirement. The answer is no.

Instead, this Court unequivocally reaffirmed the authorization-based framework in *Quanta Computer Inc.* v. *LG Electronics Inc.*, 553 U.S. 617, 625 (2008). But under the decision of the court below in *Impression Products*, U.S. patent holders may now sidestep the traditional exhaustion defense where the first authorized sale occurred abroad. The Federal Circuit's new pronouncement is not rooted in any precedent set by this Court, conflicts with this Court's recapitulation of the common law in *Kirtsaeng*, and undermines longstanding tenets that discourage the restraint of trade, and should be overturned.

For at least four centuries, the common law has protected the right of consumers to resell legally purchased products.[9] The twin doctrines of patent exhaustion and "first sale" in copyright arise from a common spring, drive the same common law goal—to prohibit "the alienation of chattels against Trade and Traffi[c], and bargaining and contracting," *Kirtsaeng*, 133 S. Ct. at 1363—and continue to apply to articles that embody intellectual property.

Despite this centuries-old, bedrock principle, Lexmark and the United States Amicus now urge this Court to endorse a relatively new territorial restriction

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[9] 1 E. Coke, *Institutes of the Laws of England* § 360, at 223 (1628).

on patent exhaustion that ignores the realities of the worldwide marketplace and undermines predictability in commercial transactions. In particular, the United States Amicus brief in *Impression Products* urges this Court to separate patent-type "common law" exhaustion from copyright-type "statutory" exhaustion. See 15-1189, *Impression Prods., Inc.* v. *Lexmark Int'l, Inc.*, at 21-22 ("the Patent Act contains no analog to 17 U.S.C. 109(a)").

While differences between statutory law and common law concepts may advise "caution * * * in applying doctrine formulated in one area to the other," *id.* at 21, quoting *Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984), this Court has robustly defined an authorization-based analysis of both the "common law exhaustion" principles announced in *Quanta*, 553 U.S. at 625-628, and the statutory analysis of *Kirtsaeng*, 133 S. Ct. at 1357-1364.

From the manufacturer's standpoint, both the *Quanta* and *Kirtsaeng* approaches should necessarily reach a common "authorization" analysis that is blind to geographic boundaries. The wisdom of common-law exhaustion and its bright-line application ensure clarity in negotiating licenses and managing supply and distribution chains, particularly in an increasingly borderless world.

For all these reasons, this Court should reject inserting the territorial limit to the patent exhaustion doctrine adopted by the court below.

ARGUMENT

I. Authorized Foreign "First Sales" Terminate Patent Rights in Sales to Subsequent Purchasers.

In the absence of statutory direction, the rule in common law is undisputed: "[T]he initial authorized sale of a patented item terminates all patent rights to that item." *Quanta*, 553 U.S. at 625. This Court placed no territorial limits on this bright-line rule when articulating it.

Indeed, this Court has repeatedly confirmed that the first sale doctrine is not bounded by geography. Commensurate with the common law's rejection of territorial restrictions, the Court has held that "one who buys patented articles of manufacture from one authorized to sell them becomes possessed of an absolute property in such articles, *unrestricted in time or place.*" *Keeler* v. *Standard Folding Bed Co.*, 157 U.S. 659, 666 (1895) (emphasis added). Nor did this Court find any geographical distinction in *Bobbs-Merrill Co.* v. *Straus*, 210 U.S. 339 (1908), where it first applied the "first sale" doctrine.

Conversely, this Court has never endorsed a geographical prerequisite for an authorized sale to exhaust one's patent rights. *Boesch* v. *Graff* does not counsel otherwise, as the German sale in that case was not authorized by the U.S. patent holder. 133 U.S. 697, 702 (1890). This Court's decision in *Boesch* instead hinged on the lack of authorization, rather than the location of the sale.

This Court has concluded in analogous cases that acts abroad would trigger the first sale doctrine. With respect to copyright, this Court was emphatic that "[t]he common-law doctrine makes no geographical

distinctions." *Kirtsaeng*, 133 S. Ct. at 1363. There, this Court ultimately agreed that the statutory language or Title 17 did not rewrite or otherwise alter the common-law tradition that rejects territorial restraints on authorized sales. *Kirtsaeng*, 133 S. Ct. at 1358. Without a comparable federal statute to circumscribe exhaustion in the patent context, the "common-law doctrine with an impeccable historic pedigree" applies with equal if not greater force here. *Id.* at 1363.

Having authorized foreign sales exhaust U.S. patents is hardly a revision of longstanding patent law. This formulation is backed by this Court's prior holding with respect to LGE's patents. In *Quanta*, this Court declined to limit its holding of exhaustion to sales that occurred within the U.S., notwithstanding the Court's knowledge of foreign sales of Intel's chips. Instead, the Court recognized and embraced the aspect of overseas sales, going out of its way to distinguish the territorial requirements of patent infringement from the international breadth of the exhaustion doctrine, *i.e.*, inquiring "whether the product is 'capable of use only in *practicing* the patent,' not whether those uses are infringing." *Quanta*, 553 U.S. at 632 n.6 (emphasis original). Yet despite these clear warnings, the Federal Circuit's *en banc* opinion imports a domestic limitation that baselessly departs from the bedrock principles of the "first sale" doctrine, which abhors "restraints on the alienation of chattel." *Kirtsaeng*, 133 S. Ct. at 1363.

The rationales invoked by this Court in *Kirtsaeng* are readily translatable to the patent context, particularly when the same piece of source code may be covered by both copyright and software patents. Imposing a territorial restriction on the doctrine of patent exhaustion creates the same "administrative burden"

and "disruptive impact" on the free flow of difficult-to-trace, readily moveable components rejected in *Kirtsaeng*. 133 S. Ct. at 1363. In *Kirtsaeng*, this Court specifically observed that "automobiles, microwaves, calculators, *mobile phones, tablets, and personal computers* contain copyrightable software programs or packaging," and that "[m]any of these items are made abroad with the American copyright holder's *permission* and then sold and imported (with that permission) to the United States." *Id.* at 1365 (emphases added) (internal quotation omitted). The Court further held that "[a] geographical interpretation would subject many, if not all, of them to the disruptive impact of the threat of infringement suits." *Ibid.*

Other good reasons for symmetry arise beyond a mere preference for methodological consistency. First, prohibiting the same patentee from extracting an additional payment upon import of a foreign purchase whose initial sale that it had authorized would prevent the type of windfall "double recovery" previously rejected by this Court in *Quanta*. See 553 U.S. at 630.

Second, an exhaustion rule that discriminates against personalty interests based on the location of an authorized sale would contradict the long arc of precedent and the principles that undergird the freedom to use and re-sell both types of legally purchased intellectual property.[10] See, *e.g.*, *Adams* v. *Burke*, 84

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[10] This Court has recognized "the historic kinship between patent law and copyright law," and has acknowledged that, in appropriate cases, it is "appropriate to refer" to a concept in one to inform an analogous concept in the other. *Sony Corp.*, 464 U.S. at 439 (looking to vicarious liability in patent law to inform vicarious liability in copyright law).

U.S. 453, 456 (1873) (striking down a geographical restriction on the use of a sold article because, "in the essential nature of things, when the patentee, or the person having his rights, sells a machine or instrument whose sole value is in its use, he receives the consideration for its use and he parts with the right to restrict that use."). Courts for centuries have resisted limitations on downstream use and resale of personal property because "they offend against the ordinary and usual freedom of traffic in chattels." *John D. Park & Sons Co.* v. *Hartman*, 153 F. 24, 39 (6th Cir. 1907); *cf.* 2 William Blackstone, *Commentaries* *288 ("[E]xperience has shown, that property best answers the purposes of civil life, especially in commercial countries, when its transfer and circulation are totally free and unrestrained.") (spelling modernized). *Kirtsaeng* merely reinforces this Court's time-tested notions of that "impeccable historic pedigree." 133 S. Ct. at 1363 (citing Lord Coke).

The rule here is clear: "[T]he initial authorized sale of a patented item terminates all patent rights to that item." *Quanta*, 553 U.S.at 625. Where sales to downstream customers are fully authorized, based on *Quanta*, the patent-exhaustion analysis ends without further embellishments.

The contrary rules advocated by Lexmark and the Solicitor General—that a foreign sale authorized by a U.S. patent holder need not exhaust its patent rights—cannot be reconciled with reasoning set forth in the Supreme Court's *Kirtsaeng* decision or with the common-law doctrine that "makes no geographical distinctions." 133 S. Ct. at 1363. The decision by the court below authorizes the unilateral imposition of geo-

graphical distinctions unhinged from this Court's authorization-based analysis of patent exhaustion and should be overturned.

CONCLUSION

Amici respectfully request that this Court, in view of its holding in *Kirtsaeng*, overrule the holding below in *Impression Products* that imposed a territorial requirement for authorized sales to exhaust U.S. patent rights.

For the foregoing reasons, the decision below should be reversed.

Respectfully submitted.

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